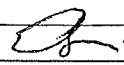




Subject: SB 341 (DeSaulnier)
Redevelopment

Recommend Position: Support

CITY COUNCIL ACTION REQUEST			
Department: Housing	Date: 3/28/13	Coordination: City Manager's Office and City Attorney	CMO Approval:  Dept. Approval: /s/ Leslye Corsiglia
RECOMMENDED ACTION:			
<ol style="list-style-type: none">1. Pursuant to the City's streamlined bill process for responding quickly to legislative proposals, support SB 341 (DeSaulnier) – Redevelopment.2. Recommend a one-week turnaround so that the City's Legislative Advocate in Sacramento can indicate a support position for SB 341 (DeSaulnier).			
BILL SYNOPSIS:			
<p>While redevelopment agencies have been dissolved pursuant to AB X1 26, the California Redevelopment Law ("CRL") was not repealed and remains relatively unchanged. AB X1 26 allowed a city to retain the housing assets and functions previously performed by its redevelopment agency and required that any funds transferred to the housing successor, together with funds generated from housing assets, be placed in a Low and Moderate Income Housing Asset Fund ("LMIHAF") and be used for affordable housing purposes as set forth in the CRL. SB 341 seeks to amend the CRL to address various issues related to affordable housing and the activities of housing successors. The amendments include: 1) requiring the expenditure of funds from the LMIHAF – net of meeting enforceable obligations – for enforcing affordability restrictions, for affordable housing development, and if certain criteria are met, for homeless prevention and rapid rehousing services; 2) allowing the percentage of low-income senior housing units funded to increase to 50% of the total number of affordable housing units; 3) allowing funds from the LMIHAF to be used for eligible purposes anywhere within the jurisdiction as opposed to within redevelopment project areas; 4) adding new requirements for the use of any excess surplus funds in the LMIHAF; 5) excluding properties acquired after February 1, 2012 from the requirement for development within five years; and 6) requiring the housing successor to conduct an independent financial audit of the LMIHAF.</p>			
IMPACTS TO CITY OF SAN JOSE:			
<p>SB 341 would govern the use of program income in the LMIHAF that can be used to finance new housing activity by the City as the housing successor. The City has a sizeable and performing portfolio of housing assets that generates positive cash flow into the LMIHAF, which it needs to fund both ongoing administrative costs and new program activity. The current requirements for expenditure of this program income, based on current CRL, is limiting to San Jose. SB 341 will enable more funds to be used for senior housing, pooling of funds with other jurisdictions in our region to have greater impact (such as to develop a supportive housing development for the homeless that serves multiple cities), and reduce the City's administrative burden by simplifying the reporting requirements. Additionally, SB 341 ensures that the first priority for program income is to manage the current portfolio of units to ensure that these assets are protected and lower income people continue to benefit. While the administrative funding is capped at 2% of the loan portfolio, because of the size of the City's portfolio – at more than \$600 million – this amount is more than enough to ensure that the administrative costs of the housing successor agency are covered.</p>			

POLICY ALIGNMENT:

This bill aligns with the Council-approved *2013 Legislative Guiding Principles and Priorities*; Pursue or retain State and Federal Funding for Key Efforts; Support the creation of new permanent sources of funding for affordable housing at the State level; Redevelopment Dissolution – Clean Up Bills.

SUPPORTERS/OPPONENTS:

Support: California Association of Veterans, Service agencies, Corporation for Supportive Housing.
Opposed: TBD.

STATUS OF BILL

SB 341 is scheduled to be heard at the Senate Transportation & Housing Committee on April 16, 2013.

FOR QUESTIONS CONTACT: LESLYE CORSIGLIA, 408-535-3851